RBI has also put in place a supervisory framework consisting of on-site supervision and off-site surveillance.

Revamping of Commercial Banks

724. SHRI SANATAN BISI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have given several crores to revamp Commercial Banks as reported in the 'Times of India' dated 17th October, 1997; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHAJRAJ): (a) and (b) Government have been contributing additional capital to the nationalised banks to strengthen their capital base and to enable them to achieve the Capital Reserve Adequacy Ratio (CRAR) prescribed by Reserve Bank of India. Under this scheme Government have contributed a sum of Rs. 1509 crores to 6 Nationalised Banks during the year 1996-97. The nationalised banks receiving such contribution are required to invest the entire amount in the special Government of India Non-Transferable Bonds.

Tax on subsidy to industry

725. SHRI SANATAN BISI: Will the Minister of FINANCE be pleased to state:

(a) whether the Hon'ble Supreme Court held that subsidies to industry from the state funds are taxable; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHAJRAJ): (a) The subsidies given by the Government are of varying nature and are for achieving different objectives. The objectives may be to promote the growth of a particular industry, to promote the growth of a particular area or to encourage the production of a particular commodity, or to encourage the investment in a particular manner etc. The taxability of a subsidy under the Income Tax Act depends on whether it is held to be a revenue or capital in nature.

(b) The Supreme Court in a recent judgement reported in 84 Taxman 368 in the case of M/s Sawhney Steel and Press Works Ltd., has laid down the principles for deciding whether the subsidy can be treated as revenue receipt or a capital receipt. The Apex Court has held that if the purpose of such subsidy is to help the assessee to set up its business or complete a project, the money must be treated as to have been received for capital purpose. But if monies were given to the assessees for assisting him in carrying out the business operation such subsidies must be treated as assistance for the purpose of the trade and should be treated as revenue receipt. Hence what is important is the purpose for which the subsidy is given. In the above mentioned case the subsidy was treated as revenue receipt.

Grievances of employees of SBI received by PM/Finance Minister

726. SHRI SHIV CHARAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) the number of letters received by the Prime Minister/Finance Minister and Minister of State for Finance from the Members of Parliament during current year regarding the grievance of the employees of the State Bank of India and its associate banks;

(b) the nature of the grievance and the number of employees involved, bank-wise, branch-wise;

(c) the action taken by Government in each case and whether the concerned MPs have been informed individually about the cases; and

(d) the reasons, if any, in cases, in which no action to redress the grievances of the employees has been taken and by